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FISCAL IMPACT STATEMENT

LS 7507

BILL NUMBER: SB 566

NOTE PREPARED: Feb 24, 2015

BILL AMENDED: Feb 23, 2015

SUBJECT: Education.

FIRST AUTHOR: Sen. Mishler

FIRST SPONSOR: Rep. T. Brown

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

BEST Program: The bill replaces ISTEP program testing with BEST testing program for school years beginning after June 30, 2016. It establishes certain procedures related to implementing the BEST program, including budget committee review. It provides that the Education Roundtable may not recommend and the State Board of Education may not adopt Common Core Standards or an assessment or test that is produced solely by the United States government or a consortium of states. It specifies that the State Board shall ensure that applications for the necessary flexibility waivers under the federal No Child Left Behind Act are filed in a timely fashion and that the applications comply with the educational policies of the State Board.

Innovation Network School: The bill provides for innovation network school programs in school corporations other than the Indianapolis Public Schools.

Performance Grant: The bill extends the school performance grant program through the 2016-2017 school year, and makes changes in the calculation and use of the grant for stipends to teachers. It permits the governing body of a school corporation to specify that less than 50% of a stipend to a teacher from a performance grant becomes, in school years after the school year in which the stipend is awarded, a permanent part of the teacher's annual salary.

Teaching License: The bill requires the Department of Education to establish a program to permit an individual with a major in science, technology, engineering, or mathematics and a minor in education to obtain a teaching license.

Staff Evaluation Plan: The bill provides that a school corporation must consider certain factors in developing a performance evaluation model. It provides that a school corporation shall report its staff performance evaluation plan (plan) to the Department of Education (which may review the plan for efficacy) and the Indiana Education Employment Relations Board (which may review the plan for legality).

Collective Bargaining: The bill requires school employers to bring collective bargaining agreements into conformity with law, provides for oversight by the Indiana Education Employment Relations Board to bring these agreements into compliance, permits certificated employees to be paid based on adopted salary ranges rather than salary schedules, and makes other changes in collective bargaining.

Low Student Population: The bill provides that a school with a low student population (when compared to the average size of the student population at all schools in Indiana) may appeal a performance designation to the State Board based on the insufficient size of the test group needed to determine an accurate result.

Supplemental Payment: The bill permits teachers to receive a supplemental amount for completion of certain master's degrees. It indicates that a school corporation may provide supplemental compensation to a teacher who earns a master's degree in a content area directly related to a dual placement course taught by the teacher.

Effective Date: (Amended) Upon passage; June 30, 2015; July 1, 2015; July 1, 2016.

Explanation of State Expenditures: Summary:

BEST Program - The fiscal impact could be an increase or decrease in state costs depending on whether the per-student costs of the nationally recognized assessment under the BEST program is more than or less than the per-student costs of the ISTEP assessment program. Beginning with the 2015-16 school year, the Department of Education (DOE) projects the cost of the ISTEP assessment program to be approximately \$65 M; this includes the cost of testing and remediation. Beginning with the 2016-17 school year, the projected cost of an assessment system under the BEST program is unknown at this time.

There could be indeterminate additional costs to the State Board in evaluating one or more nationally recognized assessments, adopting any necessary modifications to the Indiana Academic Standards, and holding the public hearings on the BEST assessment as required by this bill. The DOE could incur additional costs in developing and processing the request for proposals for the assessment to be implemented under the BEST program. The costs could increase if the DOE has to submit to the U.S. Department of Education an additional request for a flexibility waiver because of the implementation of the BEST program. The Education Roundtable would incur additional costs in reviewing the request for proposals submitted to it by the DOE.

Innovation Network School - The DOE has to include the performance results of the innovation network school and the participating innovation network charter school when computing the performance assessment results of the parent school corporation. It also has to treat the innovation network school in the same manner as a school in the school corporation when computing the total amount of state and federal funding to be distributed to the school corporation. This should be within the DOE's routine administrative functions.

Performance Grant - The bill states the total amount of the computed performance grant should equal the amount of the appropriation for that particular state fiscal year. The appropriation in FY 2015 is \$30 M. School corporations would use the grant to distribute stipends to highly effective and effective teachers.

Teaching License - This provision could increase the workload of the DOE in determining if prospective applicants have the proper credentials required by this bill. Under the program established by the bill, an individual who has a bachelor's degree or a graduate degree with a grade point average of at least 2.5 on 4.0 scale in science, technology, engineering, or mathematics from an accredited postsecondary educational institution, and an education minor or concentration from an accredited teacher preparation program, may obtain a license to teach in school corporations and charter schools. The DOE would establish the program not later than August 1, 2015.

Staff Evaluation Plan - DOE: The impact on this provision on the DOE is expected to be minimal. School corporations currently submit their staff evaluation plans to the DOE for review. Forwarding the plans to the State Board is expected to be accomplished at minimal cost.

(Revised) Collective Bargaining, Staff Evaluation Plan - Under this bill, the Indiana Education Employment Relations Board (IEERB) has to evaluate approximately 304 collective bargaining agreements for compliance with current law and this bill, monitor any changes that have to be made and process any appeals that may result, and review staff evaluation plans for legality. Depending on the scope of the work, the annual cost to the agency is estimated at approximately \$646,000 in additional personnel and resources.

The bill's requirements represent an additional workload [and/or expenditure] on the IEERB outside of the agency's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions. The DOE currently evaluates collective bargaining agreements for compliance with current law.

(Revised) Low Student Population - The State Board would have to determine the criteria for placing a school with a low student population in a performance category. This should be within the State Board's current resources.

Currently, a school is given a "null" grade if less than 30 students take the ISTEP test. Based on the results of the 2014 ISTEP test, approximately 77 schools were awarded a "null" grade. Under this bill, these schools would be awarded a performance grade ("A" to "F").

The bill may impact the number of Choice Scholarship awards the state has to fund. Currently, DOE awards an "F" to a participating school in the Choice Scholarship Program that has a "null" grade because of a low student population. A school in the Choice Scholarship Program is suspended from accepting new students if it receives a "D" or "F" for two consecutive years. Under this bill, a low student population would not automatically result in an "F" for the school. The state would continue funding awards for the school if its performance grade under this bill is otherwise acceptable.

Additional Information:

(Revised) BEST Program - Beginning with the 2015-16 school year, the state is scheduled to implement the ISTEP assessment program based on the Indiana College and Career Readiness Academic Standards adopted by the State Board in 2014. Under this provision, the BEST program is scheduled to be implemented

beginning with the 2016-17 school year. The BEST program would use a nationally recognized assessment program selected by the State Board. The content of this assessment program must align with the Indiana College- and Career-Readiness Academic Standards, and must comply with federal standards in order for the state to retain its flexibility waiver. Under the bill, the State Board has to ensure that the necessary flexibility waivers under the federal No Child Left Behind program are obtained in a timely fashion. The bill directs the Superintendent of Public Instruction and the DOE to carry out the work necessary to obtain and renew the flexibility waivers.

The bill outlines the process by which the BEST program would be implemented and delineates the responsibilities of the State Board, the DOE, the Education Roundtable, and the State Budget Committee.

Explanation of State Revenues:

Explanation of Local Expenditures: *Innovation Network School* - This bill directs the governing body of a local school corporation to develop a program to support teachers and administrators who wish to establish an innovation network school. Any additional expenditures because of this provision would have to be met within the corporation's existing budget.

Under this bill, the school corporation may provide transportation for students attending the innovation network school, and maintain and repair the buildings and grounds. If requested, corporations would also provide goods or services to the innovation network school at cost, thereby reducing operational expenditures for the innovation network school. This would also apply if the school in question is a participating innovation network charter school.

Performance Grant - Under the bill, up to 50% of the stipend awarded a teacher would become a permanent part of the teacher's base salary. This could lead to an increase in the school corporation's expenditures for salaries. Under the bill, teachers in special education programs and career and technical education programs would be entitled to receive a stipend if they qualify. The bill permits the governing body of the school corporation to differentiate between the amount of the stipend awarded to a highly effective teacher and an effective teacher, and to differentiate between the amount awarded to school buildings.

Supplemental Payment - This could increase the cost of salary expenditures to school corporations by an indeterminate amount. Under current law, teachers under certain contracts are entitled to compensation for graduate degrees and credits. Under this bill, all teachers who earned graduate credits before the effective date of a compensation plan created before July 1, 2015, would be entitled to compensation for those credits. Additionally, after June 30, 2015, a school corporation can provide a supplemental payment to teachers who earn a master's degree from an accredited postsecondary educational institution in education or a content area directly related to an advanced placement or other course taught by the teacher. The supplemental payment is not subject to collective bargaining; it is in addition to any other salary increases.

Teaching License - This could increase the pool of available teachers in these subject areas.

Staff Evaluation Plan - School corporations currently have to submit their staff evaluation plan to the DOE for review. Under this bill, they would also have to submit their plans to the IEERB. The increase in administrative costs is expected to be minimal.

Under the bill, for school years beginning after June 30, 2015, the superintendent of the school corporation

has to conduct annual reevaluation planning sessions with the principals in the school corporation. The bill also stipulates that the staff evaluation plan must be in writing and must be discussed with teachers or the teacher's representative before it is explained to the governing body of the school corporation in a public meeting. The costs associated with these requirements would be met within existing budgets.

The bill states that school principals would report in the aggregate the results of staff performance evaluations for the school to the superintendent. Before November 15 of each year, the superintendent has to discuss the results with teachers before presenting them to the governing body. The report must also be presented in a public meeting. The costs associated with these requirements would be met within existing budgets.

Collective Bargaining - The cost to school corporations could increase if the IEERB determines that the contract terms have to be amended during the collective bargaining negotiations the following year. Under this bill, the IEERB would appoint a member of its ad hoc panel to monitor the negotiations. If the corporation decides to appeal the IEERB's ruling, it would incur the costs associated with the appeal.

The impact of having salary ranges rather than salary schedules would depend on whether the average compensation per teacher under salary ranges was more than or less than the average compensation under the salary schedules resulting in a cost saving or cost expenditure to the school corporation.

Explanation of Local Revenues: *Innovation Network School* - This bill gives the governing body of any school corporation the authority to enter into an agreement with a school management team to operate an innovation network school as defined by this bill. (Under current law, only the Indianapolis Public Schools (IPS) school district has the authority to create an innovation network school.) The state tuition support, local, and federal funding for the school in question would be transferred from the school corporation to the school management team, decreasing the amount of revenue the school corporation receives.

The bill permits the school management team to use the existing school building, property, and the building's contents, as provided by the agreement, for as long as it operates the innovation network school. If the school corporation has vacant or underutilized facilities, it may gain revenue from leasing a facility to the school management team (if this is part of the agreement).

State Agencies Affected: Department of Education; State Board of Education; Indiana Employer Education Relations Board; State Budget Committee; Superintendent of Public Instruction; Education Roundtable

Local Agencies Affected: School corporations; Charter schools; Governing bodies of school corporations; Superintendents of school corporations; school principals

Information Sources: Michele Walker, Director of Student Assessment, Department of Education, 317-232-9050; Patrick Mapes, Chairman, IEERB, 317-233-6617; Kent Hatcher, IEERB, 317-504-9686.

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